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Financial Statements, 2001

City of Jennings

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**CITY OF JENNINGS, MISSOURI
PRIMARY GOVERNMENT**

FINANCIAL STATEMENTS

**MARCH 31, 2001
(With comparative totals for 2000)**

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1600 S. Brentwood,
Suite 600
St. Louis, MO 63144
(314) 962-0300
FAX (314) 962-9474



3660 W. Clay
St. Charles, MO 63301
(636) 946-3366
FAX (636) 946-0753

A PROFESSIONAL CORPORATION
OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Honorable City Council
City of Jennings, Missouri

We have audited the accompanying primary government financial statements - cash basis of the City of Jennings, Missouri (the "City") as of and for the year ended March 31, 2001. These financial statements are the responsibility of the management of the City of Jennings, Missouri. Our responsibility is to express an opinion on these primary government financial statements based on our audit. The prior year's summarized comparative information has been derived from the City's March 31, 2000 primary government financial statements - cash basis and, on our report dated June 16, 2000, we expressed a qualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these primary government financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The City of Jennings, Missouri has not maintained a complete record of its general fixed assets as required by accounting principles generally accepted in the United States of America, and accordingly, the statements only include certain land, buildings, and improvements and exclude equipment (including capitalized leases of equipment) and depreciation of all assets.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, except for the effects of not maintaining a complete record of its general fixed assets, the primary government financial statements present fairly, in all material respects, the assets, liabilities, equity, revenue, expenditures, and changes in fund balance - cash basis of the primary government of the City of Jennings, Missouri as of and for the year ended March 31, 2001 on the basis of accounting described in Note 2.

Honorable City Council
City of Jennings, Missouri

However, the primary government financial statements, because they do not include the financial data of component units of the City of Jennings, Missouri, do not purport to, and do not present fairly, the assets, liabilities, equity, revenue, expenditures, and changes in fund balance of the City of Jennings, Missouri as of and for the year ended March 31, 2001 on the basis of accounting described in Note 2.

In accordance with Governmental Auditing Standards, we have also issued our report dated June 11, 2001, on our consideration of the City of Jennings, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Hulbe, Rung, Helm + Co., P.C.

St. Louis, Missouri
June 11, 2001

**CITY OF JENNINGS, MISSOURI
PRIMARY GOVERNMENT**

**COMBINED STATEMENT OF ASSETS, LIABILITIES, AND EQUITY - CASH BASIS
ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUP**

**MARCH 31, 2001
(With comparative totals for March 31, 2000)**

ASSETS						
	Government Fund Types		Account Group			
	General	Special Revenue	General Fixed Assets	Total		
				2001	2000	
Cash	\$ 1,666,244	\$ 835,566		\$ 2,501,810	\$ 1,638,332	
Certificates of deposit		100,336		100,336	613,403	
Miscellaneous prepayments	1,247			1,247	1,554	
Due from Local Development Corporation	2,685			2,685	1,485	
Inventory	34,397			34,397	34,397	
Investments	274,830			274,830		
RESTRICTED ASSETS						
Cash	164,900			164,900	139,306	
PROPERTY, PLANT, AND EQUIPMENT, at cost						
Land			\$ 225,850	225,850	225,850	
Buildings and improvements			3,044,152	3,044,152	3,044,152	
	\$ 2,144,303	\$ 935,902	\$ 3,270,002	\$ 6,350,207	\$ 5,698,479	
LIABILITIES AND EQUITY						
	Government Fund Types		Account Group			
	General	Special Revenue	General Fixed Assets	Total		
				2001	2000	
LIABILITIES						
Note payable	\$ 2,402			\$ 2,402	\$ 7,163	
Unearned revenue	4,245			4,245		
Court bonds payable	147,938			147,938	135,166	
Other funds escrow	448			448	4,026	
Due to Police and Firemen's Retirement Fund	10,401			10,401	3,586	
Miscellaneous	18,499			18,499	5,960	
Total liabilities	183,933			183,933	155,901	
COMMITMENTS AND CONTINGENCIES						
EQUITY						
Investment in general fixed assets			\$ 3,270,002	3,270,002	3,270,002	
Fund balance	1,960,370	\$ 935,902		2,896,272	2,272,576	
Total fund equity	1,960,370	935,902	3,270,002	6,166,274	5,542,578	
	\$ 2,144,303	\$ 935,902	\$ 3,270,002	\$ 6,350,207	\$ 5,698,479	

The accompanying notes are an integral part of these primary government financial statements.

**CITY OF JENNINGS, MISSOURI
PRIMARY GOVERNMENT**

**STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - CASH BASIS**

ALL GOVERNMENTAL FUND TYPES

**YEAR ENDED MARCH 31, 2001
(With comparative totals for March 31, 2000)**

	General Fund	Special Revenue Fund	Total	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
REVENUE				
Taxes	\$ 5,296,329	\$ 876,111	\$ 6,172,440	\$ 5,861,577
License fees	139,489		139,489	143,389
Permits and fees	105,484		105,484	99,042
Police department/court	568,586		568,586	577,927
Loss on sale of houses				(511)
Cable TV franchise	79,713		79,713	77,365
Jail operations	973,135		973,135	1,000,028
Contracts and other receipts	341,949		341,949	250,078
Interest	36,935	26,053	62,988	79,143
Total revenue	<u>7,541,620</u>	<u>902,164</u>	<u>8,443,784</u>	<u>8,088,038</u>
EXPENDITURES	<u>7,820,088</u>		<u>7,820,088</u>	<u>8,480,533</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(278,468)	902,164	623,696	(392,495)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	780,365		780,365	1,313,231
Operating transfers out		(780,365)	(780,365)	(1,313,231)
Total other financing sources (uses)	<u>780,365</u>	<u>(780,365)</u>		
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	501,897	121,799	623,696	(392,495)
FUND BALANCE, BEGINNING OF YEAR	<u>1,458,473</u>	<u>814,103</u>	<u>2,272,576</u>	<u>2,665,071</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,960,370</u>	<u>\$ 935,902</u>	<u>\$ 2,896,272</u>	<u>\$ 2,272,576</u>

The accompanying notes are an integral part of these primary government financial statements.

**CITY OF JENNINGS, MISSOURI
PRIMARY GOVERNMENT**

**STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL**

GENERAL FUND

**YEAR ENDED MARCH 31, 2001
(With comparative totals for March 31, 2000)**

	General Fund			
	2001		Variance - Favorable	2000
	Budget	Actual	(Unfavorable)	Actual
REVENUE				
Taxes	\$ 4,905,791	\$ 5,296,329	\$ 390,538	\$ 5,000,071
License fees	138,100	139,489	1,389	143,389
Permits and fees	160,400	105,484	(54,916)	99,042
Police department/court	522,900	568,586	45,686	577,927
Loss on sale of houses				(511)
Cable TV franchise	78,000	79,713	1,713	77,365
Jail operations	924,000	973,135	49,135	1,000,028
Contracts and other receipts	319,900	341,949	22,049	250,078
Interest	55,125	36,935	(18,190)	34,989
Total revenue	<u>7,104,216</u>	<u>7,541,620</u>	<u>437,404</u>	<u>7,182,378</u>
EXPENDITURES	<u>7,178,697</u>	<u>7,820,088</u>	<u>(641,391)</u>	<u>8,480,533</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	\$ (74,481)	(278,468)	\$ (203,987)	(1,298,155)
OTHER FINANCING SOURCES				
Operating transfers in	<u>907,150</u>	<u>780,365</u>	<u>(126,785)</u>	<u>1,313,231</u>
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 832,669</u>	501,897	<u>\$ (330,772)</u>	15,076
FUND BALANCE, BEGINNING OF YEAR		<u>1,458,473</u>		<u>1,443,397</u>
FUND BALANCE, END OF YEAR		<u>\$ 1,960,370</u>		<u>\$ 1,458,473</u>

The accompanying notes are an integral part of these primary government financial statements.

**CITY OF JENNINGS, MISSOURI
PRIMARY GOVERNMENT**

STATEMENT OF EXPENDITURES - CASH BASIS - BUDGET AND ACTUAL

GENERAL FUND

**YEAR ENDED MARCH 31, 2001
(With comparative totals for March 31, 2000)**

	General Fund			
	2001		Variance - Favorable	2000
	Budget	Actual	(Unfavorable)	Actual
EXPENDITURES				
Building Department	\$ 384,912	\$ 355,882	\$ 29,030	\$ 353,334
Fire Department	864,562	827,569	36,993	883,699
City Clerk Department	647,525	638,048	9,477	686,504
Legal Department	114,342	156,647	(42,305)	216,648
Collector's Department	77,496	76,867	629	77,476
Maintenance Department	98,125	129,477	(31,352)	101,590
Police Department	2,487,951	2,536,429	(48,478)	2,526,646
Police Judges' Department	178,324	152,831	25,493	165,182
Public Works Department				
Public Works	435,505	533,903	(98,398)	456,050
Public Health and Lighting	173,000	178,874	(5,874)	169,553
Park	397,630	396,278	1,352	408,418
Recreation	116,665	121,359	(4,694)	113,704
Housing Referral Department	127,271	110,184	17,087	115,479
Capital Improvements	987,575	782,237	205,338	1,285,069
Federal Jail	932,493	818,369	114,124	888,839
Miscellaneous		5,134	(5,134)	32,342
TOTAL EXPENDITURES	\$ 8,023,376	\$ 7,820,088	\$ 203,288	\$ 8,480,533

The accompanying notes are an integral part of these primary government financial statements.

CITY OF JENNINGS, MISSOURI, PRIMARY GOVERNMENT

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2001

NOTE 1 – NATURE OF ORGANIZATION

The City of Jennings, Missouri (the "City") was incorporated by order of the St. Louis County Court, as a city of the third class with the Mayor-Council form of government under the statutes of the State of Missouri in December 1946. The City provides the following services: Public Safety - Police, Fire, and Corrections, Streets, Public Works, Housing, Public Improvements, Planning and Zoning, and General Administrative Services.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has decided to include the primary government only. Financial activities of all component units of the reporting entity are not included.

Basis of Accounting

The accounts of the City are maintained using the cash basis of accounting. Consequently, certain revenue and related assets are recognized when received rather than when earned, and certain expenses and related liabilities are recognized when paid rather than when the obligation is incurred.

Fund Accounting

The accounts of the City are organized on the basis of funds and one account group, each of which is considered a separate accounting entity.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic types and broad fund categories.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Governmental Funds

General Fund - The General Fund is the operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund or account group.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

General Fixed Assets Account Group

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in Governmental Funds. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets are normally immovable and of value only to the City, therefore, the purpose of stewardship for these items is satisfied without the recording of these assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Certain capital improvements and all furniture and equipment, including capitalized leases of equipment, are not included in the general fixed asset account group but have been charged to expense when acquired.

Inventory

Inventory is carried at cost and consists of houses purchased by the City for subsequent resale under its lease-option program. The purchase price and subsequent costs are accumulated for each house using the method of specific identification.

Basis of Presentation

The financial information for the year ended March 31, 2000 has been presented for comparative purposes and is not intended to be a complete financial statement presentation. The total columns are not intended to present consolidated financial information.

Property Tax

In 2000, the tax rate was \$1.18 per \$100 of assessed value including \$.18 for the Police and Firemen’s Retirement Fund. The City’s property tax is levied each year on assessed value listed as of the prior January 1st for all real property located in the City. The County Assessment Board establishes assessed values. The assessed value at January 1, 2000, upon which the 2000 levy was based for real property, was \$59,974,943. Property taxes are recorded as revenue when collected. Taxes are due on October 1st and delinquent after December 31st.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – DEPOSITS WITH FINANCIAL INSTITUTIONS

At March 31, 2001 and 2000, deposits with financial institutions, including restricted assets, consist of:

	<u>2001</u>	<u>2000</u>
Unrestricted cash	\$ 2,501,810	\$ 1,638,332
Certificates of deposit	100,336	613,403
Restricted cash	<u>164,900</u>	<u>139,306</u>
Total deposits with financial institutions	<u>\$ 2,767,046</u>	<u>\$ 2,391,041</u>
Risk Category (Bank Balances)		
	<u>2001</u>	<u>2000</u>
1. Insured or collateralized with securities held by the City or by its agent in the City's name.	\$ 176,714	\$ 133,774
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.	<u>2,825,646</u>	<u>2,569,715</u>
Total	<u>\$ 3,002,360</u>	<u>\$ 2,703,489</u>

Restricted cash consists of cash restricted for taxes paid under protest, court appearance bonds, prisoner funds, and crime victims' compensation.

NOTE 4 – INVENTORY

Under a comprehensive housing plan for the City of Jennings, the City may choose to purchase property from the Department of HUD or through conventional real estate sources. Any property throughout the City that is advertised on the open market may be considered for purchase and the lease-option program by the City. The City enters into a special lease-option agreement with an individual who agrees to lease the property for a specified period of time. At the end of that period, the house is sold to that individual and the total rental payments received by the City become the down payment on the sale. This down payment enables individuals who might otherwise be unable to secure financing to do so. If the individual subsequently desires to resell the property within a specified time period, the City has the right to purchase it before all others. During the time that the City holds title to the property, it is included in inventory at actual cost. Rent received from tenants, to be applied to their down payment, is a reduction of inventory until the sale is completed.

NOTE 4 – INVENTORY (CONTINUED)

During 1994, the City Council voted to terminate the housing program and sell the current inventory of houses. The gain or loss on sale of houses is calculated by subtracting the original cost of the houses from the gross proceeds from the sale (including rent payments applied to purchase). For the years ended March 31, 2001 and 2000, the loss was:

	<u>2001</u>	<u>2000</u>
Gross Proceeds		\$ 2,303
Cost		<u>(2,814)</u>
Loss	<u>\$ -0-</u>	<u>\$ (511)</u>

NOTE 5 – NOTE PAYABLE

	<u>2001</u>	<u>2000</u>
Promissory note dated May 26, 1993, with the Missouri Department of Natural Resources, payable semi-annually with payments of \$2,440, including interest at 2%, due October 1, 2001.	<u>\$2,402</u>	<u>\$7,163</u>

Current maturities of long-term debt for the years succeeding March 31, 2001 are as follows:

<u>Year Ending</u> <u>March 31,</u>	<u>Amount</u>
2002	<u>\$ 2,402</u>

NOTE 6 – PENSION PLAN

The City adopted the City of Jennings Police and Firemen's Retirement Fund (the "Plan") at the regular election, April 3, 1962. This Plan covers the salaried members of the Police and Fire Departments of the City of Jennings, Missouri, hired before April 1, 1987, and provides for payments for retirement, disability, and death benefits.

The Plan is funded through a tax levied on the assessed value of all taxable real and tangible personal property as may appear on the tax books for the City and mandatory contributions paid into the Plan by covered employees (3.39% of salaries). The City is not required to contribute to the Plan and has no funding obligation relating to the Plan.

NOTE 6 – PENSION PLAN (CONTINUED)

All salaried members of the Police and Fire Departments of the City of Jennings, Missouri, hired subsequent to April 1, 1987 are covered under the Missouri Local Government Employees Retirement System (“LAGERS”) (see Note 7).

The Plan issues a financial report that includes financial statements and required supplementary information. That report may be obtained by contacting the City of Jennings Collector’s office.

Schedule of Funding Progress

Actuarial Valuation Date March 31,	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)
2000	\$ 5,623,005	\$ 6,841,955	\$ 1,218,950
1999	5,782,487	6,632,344	849,857
1998	5,653,004	6,229,863	576,859
1997	5,184,595	5,691,759	507,164
1996	5,000,000	5,302,973	302,973

Actuarial Valuation Date March 31,	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
2000	82.2%	\$ 807,122	151.0%
1999	87.2%	925,035	92.0%
1998	90.7%	1,043,323	55.3%
1997	91.1%	947,291	53.5%
1996	94.3%	970,768	31.2%

Schedule of Tax Levy Contributions

Fiscal Year	Required Contribution	Percent Contributed
March 31, 2001	\$ 190,128	76%
March 31, 2000	153,050	83%
March 31, 1999	126,438	100%
March 31, 1998	122,290	109%
March 31, 1997	82,462	143%

NOTE 6 – PENSION PLAN (CONTINUED)

The information presented in the required supplemental schedules was determined as part of the actuarial valuation prepared by W. Alfred Hayes and Company. Additional information per the above actuarial valuation follows:

Actuarial cost method:	Entry Age Actuarial Cost Method
Rate of investment return:	7%
Turnover or withdrawal rates:	Graduated rates by age based on actual experience of the Plan
Mortality or death rates:	1983 Group Annuity Mortality Tables
Disability rates:	Graduated rates by age based on actual experience of the Plan
Rates of retirement between ages of 55 and 70:	Graduated rates by age based on actual experience of the Plan
Rate of salary increases:	4% per annum
Asset valuation method:	Fair market value

The unfunded actuarial accrued liability as of April 1, 2000 is amortized over the period ending March 31, 2014.

NOTE 7 – LAGERS PENSION PLAN*Plan Description*

The City of Jennings participates in LAGERS, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governmental entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, Section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a), and it is tax exempt.

NOTE 7 – LAGERS PENSION PLAN (CONTINUED)*Plan Description (Continued)*

LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or by calling 1-800-447-4334.

Funding Status

The City of Jennings' full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 5.7% (general), 10.0% (police), and 13.4% (fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

Annual Pension Cost

For 2000, the political subdivision's annual pension cost of \$210,193 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 1998 and/or 1999 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.0% per year, compounded annually, before retirement and 4.0% per year, compounded annually, after retirement; (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation; (c) additional projected salary increases ranging from 0.0% to 4.0% per year, depending on age, attributable to seniority/merit; and (d) pre- and post-retirement mortality based on the 1984 Group Annuity Mortality Table set back zero years for men and six years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 28, 2000 was 15 years.

Three-Year Trend Information			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/98	\$ 114,448	100%	\$ 0
6/30/99	\$ 192,252	100%	\$ 0
6/30/00	\$ 210,193	100%	\$ 0

NOTE 7 – LAGERS PENSION PLAN (CONTINUED)**REQUIRED SUPPLEMENTARY INFORMATION**
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>
2/29/96	\$ 2,820,651	\$ 2,103,001	\$ (717,650)	134%	\$ 2,034,333
2/28/97	3,082,592	2,225,580	(857,012)	139%	2,050,813
2/28/98	3,448,008	2,479,323	(968,685)	139%	2,278,027
2/28/99	3,963,425	3,506,369	(457,051)	113%	2,799,850
2/29/00	4,673,896	3,667,081	(1,006,815)	127%	2,628,448

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 29, 1996 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

NOTE 8 – COMMITMENTS AND CONTINGENCIES*Leases*

The City leases various pieces of office equipment and has also contracted for communication services under operating leases.

Future minimum lease payments due over the term of the contracts are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2002	\$ 1,452
2003	1,452
2004	1,089
	<u>\$ 3,993</u>

Rent expense for the years ended March 31, 2001 and 2000 was \$3,318 and \$5,489, respectively.

NOTE 8 – COMMITMENTS AND CONTINGENCIES (CONTINUED)*Purchase Commitments*

An agreement between the City and the U.S. Department of Justice guarantees 50 detention spaces for federal prisoners through November 2007. The federal agencies utilizing the space will also reimburse the City the per diem rate of \$54.85 per day, per prisoner. This rate may be renegotiated on an annual basis.

Contingencies

The operations of the City's Police and Fire Departments include the handling and storing of fuel. There are environmental concerns in the handling of these items. In the opinion of management, the City follows all of the regulatory procedures and guidelines to ensure that the handling of these products is in compliance with federal, state, and local regulations.

Fire Contract Revenue

The City has contracted with two neighboring cities to provide fire protection for a period of 20 years, expiring February 2012.

Police Contract Revenue

The City has contracted with a neighboring City for police protection services on a year-to-year basis.

Tax Increment Financing

During fiscal year 1998, the City designated certain areas in the City as redevelopment areas eligible for Tax Increment Financing ("TIF") treatment. The City has pledged approximately \$3,000,000 in incremental tax revenue to reimburse local employers for redevelopment expenses incurred as well as reimbursing the City for expenses related to the TIF plans. No bonds will be issued as a result of the City's TIF plans.

NOTE 9 – RELATED PARTY TRANSACTIONS

The City collects tax levy payments from taxpayers for the City of Jennings Police and Firemen's Retirement Fund and, on a regular basis, remits those payments to the Fund. At March 31, 2001 and 2000, amounts owed to the Fund were \$10,401 and \$3,586, respectively.

The City collects tax levy payments from taxpayers for the City of Jennings Special Business District ("the District") and, on a regular basis, remits those payments to the District. At March 31, 2001 and 2000, amounts owed to the District were \$9,222 and \$74, respectively.

NOTE 10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained insurance for these risks and to provide employee health and accident benefits.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

During the year ended March 31, 2000 sales tax collections were reduced by the total refundable use tax liability remaining as determined by the Missouri Department of Revenue. As a result, tax revenues of \$5,747,265 for 2000 were increased to \$5,861,577 and fund balance for 2000 was increased from \$2,158,264 to \$2,272,576.

SUPPLEMENTAL INFORMATION

1600 S. Brentwood,
Suite 600
St. Louis, MO 63144
(314) 962-0300
FAX (314) 962-9474



3660 W. Clay
St. Charles, MO 63301
(636) 946-3366
FAX (636) 946-0753

A PROFESSIONAL CORPORATION
OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Supplemental Information

Honorable City Council
City of Jennings, Missouri

Our report on our audit of the primary government financial statements of the City of Jennings, Missouri for the year ended March 31, 2001 appears on pages 1 and 2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the primary government financial statements taken as a whole. The Schedule of Revenue - Cash Basis - General Fund is presented for purposes of additional analysis and is not a required part of the primary government financial statements. Such information has been subjected to the auditing procedures applied in our audit of the primary government financial statements and, in our opinion, except for the effects of not maintaining a complete record of its general fixed assets, is fairly stated, in all material respects, in relation to the primary government financial statements taken as a whole on the basis of accounting described in Note 2.

Huber, Ring, Helm & Co., P.C.

St. Louis, Missouri
June 11, 2001

**CITY OF JENNINGS, MISSOURI
PRIMARY GOVERNMENT**

SCHEDULE OF REVENUE - CASH BASIS - GENERAL FUND

YEAR ENDED MARCH 31, 2001

REVENUE

Taxes

Real estate and personal property	\$ 732,183
Utilities, gross receipts	1,322,600
Fees and penalties	1,379
Road refunds	80,658
Gasoline	460,419
Cigarettes	72,494
Sales	2,434,583
Railroad and utilities	32,346
Trash collection	490
Sewer lateral fees	146,908
Special tax bills	12,269
	5,296,329

License Fees

Merchants and manufacturers	101,317
Liquor	2,673
Coin vending machines	1,770
Vehicles	27,235
Dog tags and impounding	73
Miscellaneous	6,421
	139,489

Permits and Fees

Building permits	13,311
Street excavating permits	4,675
Occupancy permits	17,470
Housing inspections	24,720
Heating permits	2,338
Community program fees	27,456
User fees	2,398
Other permits and fees	13,116
	105,484

Police Department/Court

Costs and fines	389,421
Grants	73,863
Ammunition sales	314
Training fund	7,220
Traffic bureau	23,651
False alarm charges	3,610
Court bond and police reports	49,849
Police seizure proceeds	20,658
	568,586

See independent auditors' report on supplemental information.

**CITY OF JENNINGS, MISSOURI
PRIMARY GOVERNMENT**

SCHEDULE OF REVENUE - CASH BASIS - GENERAL FUND (CONTINUED)

YEAR ENDED MARCH 31, 2001

REVENUE (Continued)

Cable TV franchise	\$ 79,713
Jail operations	973,135
Interest	36,935
	<u>1,089,783</u>
Contracts and Other Receipts	
Police contracts	50,945
Fire and radio contracts	100,589
Municipal radio service receipts	1,227
Miscellaneous revenue	189,188
	<u>341,949</u>
Total from previous page	<u>6,109,888</u>
 TOTAL REVENUE	 <u><u>\$ 7,541,620</u></u>

See independent auditors' report on supplemental information.

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A PROFESSIONAL CORPORATION
OF CERTIFIED PUBLIC ACCOUNTANTS

**Report On Compliance And On Internal Control Over Financial Reporting Based On An
Audit Of Financial Statements Performed In Accordance With
*Government Auditing Standards***

Honorable City Council
City of Jennings, Missouri

We have audited the primary government financial statements - cash basis of the City of Jennings, Missouri (the "City") as of and for the year ended March 31, 2001, and have issued our report thereon dated June 11, 2001, which was qualified because the City has not maintained a complete record of its fixed assets as required by accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Jennings, Missouri's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City of Jennings, Missouri, in a separate letter dated June 11, 2001.

Honorable City Council
City of Jennings, Missouri

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Jennings, Missouri's control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Jennings, Missouri in a separate letter dated June 11, 2001.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Huber, Rung, Helm + Co., P.C.

St. Louis, Missouri
June 11, 2001

Keep With Audit

ACCOUNT NUMBER	DESCRIPTION	DEBIT	CREDIT
CURRENT ASSETS			
103-00	PETTY CASH	715.00	
104-00	TIF-#3 CHECKING ACCT	10,399.39	
105-00	TIF-#4 CHECKING ACCT	11,675.84	
109-00	HOUSING DEP CHECKING ACCT	4,787.06	
110-00	FIRE SALES TAX CHECKING ACCT.	16,735.54	
111-00	TEEN ACTIVITY CHECKING ACCOUNT	438.29	
112-00	LLEBG PROGRAM CHECKING ACCT	76,713.52	
113-00	SEWER LATERAL MM & CHECKING	168,582.83	
115-00	GENERAL CHECKING ACCT	256,353.82	
116-00	COURT CHECKING ACCT	147,675.06	
118-00	POLICE SEIZURE CHECKING ACCT	57,184.57	
119-00	COMMISSARY CHECKING ACCT	445.80	
120-00	BEAUTIFICATION CHECKING ACCT	12,867.53	
121-00	POLICE BOND MONIES CHKING ACCT	465.57	
122-00	PARK FUND SAVINGS ACCT	3,653.70	
125-00	CAPITAL IMPR-STREET CHECKING	110,425.29	
126-00	CAPITAL IMPR-OTHER CHECKING	5,471.55	
128-00	MOSIP INVESTMENT	274,830.00	
129-00	MOSIP CASH BALANCE	532.06	
130-00	CVC FUND CHECKING ACCT		860.34
131-00	MM-CAP IMPR-OTHER	11,528.16	
132-00	MM & CD-GENERAL FUND	110,656.98	
133-00	MM-HOUSING FUND	23,838.44	
135-00	MM & CD-CAP IMPR-OTHER	117,657.25	
136-00	MM-CAP IMPR-STRT	245,909.04	
138-00	RETURNED CHECKS	769.00	
141-00	TIF-STOUT CHECKING ACCT	118,506.73	
142-00	TIF-LOUISA FOODS CHECKING ACCT	8,990.48	
145-00	TIF-RIVERROADS RDV CHKING ACCT	18,117.30	
146-00	TIF-NORTHLAND CTR CHKING ACCT		4,712.42
147-00	NORTHLAND REVEL. CHKING ACCT	45,000.00	
158-00	EMPLOYEE ADVANCE	477.69	
159-00	MOSIP GENERAL REVENUE OVERAGE	742,381.67	
160-00	MOSIP CAPITAL IMPROVE STREET	166,723.12	
161-00	MOSIP CAPITAL IMPROVEMENT RES.	278,186.47	
200-00	INVENTORY	34,396.52	
		-----	-----
	CURRENT ASSETS:	3,083,091.27	5,572.76

GENERAL FIXED ASSETS

265-00	LAND	225,849.45	
275-00	BUILDINGS AND IMPROVEMENTS	3,044,152.32	
		-----	-----
	GENERAL FIXED ASSETS:	3,270,001.77	

CURRENT LIABILITIES

400-00	NOTES PAYABLE		2,402.17
404-00	SOCIAL SECURITY TAX PAYABLE		2,292.02
405-00	FEDERAL WITHHOLDING TAX PAY		157.92
406-00	MISSOURI WITHHOLDING TAX PAY		44.40
412-00	INVESTMENT	60.00	

ACCOUNT NUMBER	DESCRIPTION	DEBIT	CREDIT
CURRENT LIABILITIES			
413-00	DEFERRED COMPENSATION		337.00
414-00	GOV'T EMPL CREDIT UNION		530.28
416-00	GARNISHMENTS PAYABLE		4,437.95
418-00	POLICEMEN'S INSURANCE		85.52
419-00	UNION DUES		1,346.20
420-00	LIFE INSURANCE	2,185.24	
421-00	ACCIDENT INSURANCE		1,830.62
423-00	UNITED WAY	31.50	
450-00	UNEARNED REVENUE		4,245.45
453-00	COURT BONDS PAYABLE		147,937.88
454-00	PRISONER FUNDS PAYABLE		447.92
455-00	POLICE BOND MONIES PAYABLE		489.25
456-00	POLICE/FIRE PENSION FUND-TAX		7,149.35
458-00	POLIVE/FIRE PENSION FUND-DED		3,252.10
470-00	W. FLORISSANT TAXING DISTRICT		9,221.77
480-00	DUE FROM LOCAL DEVELOP CORP	2,685.00	
		-----	-----
	CURRENT LIABILITIES:	4,961.74	186,207.80

FUND BALANCES

558-00	GENERAL FUND		5,542,578.59
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TAX REVENUE

601-00	FIRE SALES TAX		105,455.72
602-00	REAL ESTATE TAX		564,874.76
603-00	TRASH COLLECTIONS		490.00
604-00	PERSONAL PROPERTY		167,307.97
606-00	UTILITIES GROSS RECEIPTS TAX		1,322,600.00
608-00	DELINQUENT PENALTIES		1,378.90
612-00	COUNTY ROAD REFUNDS		80,658.23
614-00	GASOLINE TAX		460,419.32
616-00	CIGARETTE TAX		72,493.80
617-00	SALES TAX		2,329,126.88
618-00	RAILROAD AND UTILITY TAX		32,346.40
		-----	-----
	TAX REVENUE:		5,137,151.98

LICENSE FEE REVENUE

622-00	MERCHANT AND MANUFACTURER		101,316.53
624-00	LIQUOR		2,672.50
626-00	COIN VENDING		1,770.00
628-00	VEHICLE (AUTO, TRUCK ETC)		27,234.81
630-00	DOG TAGS AND IMPOUNDING		73.48
634-00	MISCELLANEOUS LICENSES		6,421.25
		-----	-----
	LICENSE FEE REVENUE:		139,488.57

RESTRICTED REVENUE

635-00	POLICE SEIZURE PROCEEDS		7,929.34
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ACCOUNT
 NUMBER

DESCRIPTION

DEBIT

CREDIT

RESTRICTED REVENUE

636-00	LLEBG PROCEEDS		73,863.00
637-00	BEAUTIFICATION REVENUE		1,407.45
		-----	-----
	RESTRICTED REVENUE:		83,199.79

PERMIT AND FEE REVENUE

640-00	BUILDING PERMITS		13,310.77
642-00	STREET EXCAVATING PERMIT		4,675.00
644-00	OCCUPANCY PERMITS		17,470.00
645-00	HOUSING INSPECTIONS		24,720.00
646-00	HEATING PERMITS		2,338.00
654-00	OTHER PERMITS AND FEES		13,116.75
655-00	PARK USER FEE		2,398.00
656-00	COMMUNITY PROGRAMS REVENUE		27,455.83
		-----	-----
	PERMIT AND FEE REVENUE:		105,484.35

INTEREST

663-00	FIRE SALES TAX INTEREST		295.69
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POLICE AND COURT REVENUE

664-00	FINGERPRINTING		75.00
670-00	D.W.I. RECOUPMENT FEE		4,448.00
671-00	CRIME VICTIMS		947.00
672-00	COSTS AND FINES		376,021.65
673-00	TRAINING FUND		7,220.00
674-00	WARRANT FEES		23,650.40
675-00	POLICE MISC. RECEIPTS		314.00
676-00	FALSE ALARM CHARGES		3,610.00
677-00	HOUSING OF MUNICIPAL PRISONERS		113,832.45
678-00	COURT BOND AND POLICE REPORTS		49,849.00
		-----	-----
	POLICE AND COURT REVENUE:		579,967.50

JAIL REVENUE

679-00	TRANSPORTATION REIMBURSEMENT		3,435.00
680-00	FEDERAL JAIL		805,560.07
681-00	COMMISSARY RECEIPTS		22,417.70
682-00	TELEPHONE COMMISSION		27,889.46
		-----	-----
	JAIL REVENUE:		859,302.23

CONTRACTS AND OTHER REVENUE

683-00	SEWER LATERAL DISB.	89,354.52	
684-00	SEWER LATERAL FEES		146,907.72
685-00	POLICE CONTRACTS		50,945.40
686-00	FINANCIAL INSTITUTE TAX		896.18
687-00	FIRE CONTRACTS		99,693.28

ACCOUNT

ACCOUNT NUMBER	DESCRIPTION	DEBIT	CREDIT
CONTRACTS AND OTHER REVENUE			
688-00	INTEREST ON INVESTMENTS		36,639.30
689-01	CAPITAL IMPR-INTEREST INCOME		11,832.28
689-02	CAPITAL IMPR-INTEREST INCOME		14,220.63
690-00	MISCELLANEOUS INCOME		90,544.93
692-00	RENTAL INCOME		22,700.00
694-00	SALE OF TRASH STICKERS		20,658.30
695-00	M.R.S. RENT		1,227.08
697-00	CABLE T.V. FRANCHISE		79,712.73
698-00	WEED CUTTING		12,269.00
699-01	CAPITAL IMPR REVENUE-STREET		876,110.93
	CONTRACTS AND OTHER REVENUE:	89,354.52	1,464,357.76

EXPENDITURES

700-00	TEEN ACTIVITY INCOME		5,500.00
702-10	BUILDING DEPT. IMPROVEMENT	1,000.00	
702-20	FIRE DEPT. IMPROVEMENT	19,220.00	
702-30	CITY CLERK DEPT. IMPROVEMENT	16,998.88	
702-40	POLCE DEPT. IMPROVEMENT	128,296.36	
702-42	COURT DEPT. IMPROVEMENT	3,773.10	
702-45	JAIL DEPT. IMPROVEMENT	11,600.00	
702-50	PUBLIC WORKS DEPT. IMPROVEMENT	542,496.12	
702-60	PARK DEPT. IMPROVEMENT	58,845.00	
702-90	SPECIAL SERVICES DEPT IMPROVEM	259.14	
703-01	CAPITAL IMPR-BANK CHARGES-STR	7.75	
709-10	SALARIES	228,638.20	
709-20	SALARIES	632,498.22	
709-30	SALARIES	150,158.99	
709-31	SALARIES	31,081.44	
709-32	SALARIES	61,349.36	
709-40	SALARIES	1,744,616.22	
709-42	SALARIES	95,629.88	
709-45	SALARIES	461,831.56	
709-50	SALARIES	291,364.43	
709-54	SALARIES	59,279.26	
709-60	SALARIES	279,826.43	
709-90	SALARIES	87,753.40	
711-40	LLEBG PURCHASES	31,610.44	
712-40	POLICE SEIZURE PURCHASES	393.46	
719-30	SALARIES	57,008.50	
720-10	FICA EXPENSES	16,743.49	
720-20	FICA EXPENSES	47,299.89	
720-30	FICA EXPENSES	15,544.42	
720-31	FICA EXPENSES	2,361.33	
720-32	FICA EXPENSES	4,500.00	
720-40	FICA EXPENSES	129,711.85	
720-42	FICA EXPENSES	7,315.68	
720-45	FICA EXPENSES	34,387.12	
720-50	FICA EXPENSES	21,541.14	
720-54	FICA EXPENSES	4,488.73	
720-60	FICA EXPENSES	20,857.67	
720-90	FICA EXPENSES	6,412.06	

ACCOUNT NUMBER	DESCRIPTION	DEBIT	CREDIT
EXPENDITURES			
721-30	UNEMPLOYMENT COMPENSATION	737.57	
725-01	TIF ALLOCATION INCOME		64,431.89
725-02	TIF ALLOCATION INCOME		4,603.24
734-03	TIF CONSULTING FEES	437.50	
734-04	TIF CONSULTING FEES	2,292.50	
734-05	TIF CONSULTING FEES	795.00	
734-06	TIF CONSULTING FEES	62,267.22	
750-10	DUES	305.95	
750-30	DUES	7,807.99	
750-90	DUES	40.00	
755-35	LICENSES AND FEES	528.00	
756-20	MAINTENANCE AND REPAIRS	8,623.29	
756-35	CITY HALL MAINTENANCE-REPAIRS	6,273.31	
757-35	VEHICLE REPAIR AND MAINTENANCE	30,223.84	
757-50	EQUIPMENT MAINTENANCE	12,343.49	
757-60	EQUIPMENT MAINTENANCE	5,716.66	
758-20	GAS AND OIL	2,147.17	
758-35	GASOLINE AND OIL	73,549.04	
758-50	GAS, OIL AND MAINTENANCE	2,731.71	
758-60	GASOLINE	1,632.97	
759-50	EQUIPMENT EXPENSE	1,475.58	
759-54	EQUIPMENT EXPENSE	2,576.62	
759-60	EQUIPMENT EXPENSE	10,335.67	
760-20	EQUIPMENT REPLACEMENT	1,493.84	
760-60	LOT CLEAN-UP	841.37	
762-20	UTILITIES	17,705.55	
762-30	UTILITIES	29,688.07	
762-40	UTILITIES	46,416.16	
762-42	UTILITIES	17,927.60	
762-45	UTILITIES	15,562.33	
762-50	UTILITIES	8,957.08	
762-54	UTILITIES	12,588.11	
762-60	UTILITIES	15,326.27	
762-90	UTILITIES	821.41	
764-20	TELEPHONE AND RADIO	33,118.46	
766-20	POSTAGE	50.10	
766-30	POSTAGE	4,122.17	
766-40	POSTAGE	1,511.75	
766-42	POSTAGE	918.22	
766-45	POSTAGE	427.49	
768-20	UNIFORMS	162.30	
768-40	UNIFORMS	14,480.82	
768-45	UNIFORMS	2,197.11	
768-50	UNIFORMS	1,734.53	
768-60	UNIFORMS	1,152.80	
778-30	ELECTION COSTS	3,513.34	
780-10	CONTRACT EXPENSE	150.00	
780-54	CONTRACT EXPENSE	451.00	
782-10	SUPPLIES	4,998.43	
782-20	SUPPLIES	3,923.74	
782-30	SUPPLIES	10,880.23	
782-32	SUPPLIES	1,696.14	
782-40	SUPPLIES	9,676.23	

ACCOUNT NUMBER	DESCRIPTION	DEBIT	CREDIT
EXPENDITURES			
782-42	SUPPLIES	6,892.76	
782-45	SUPPLIES	3,580.74	
782-50	SUPPLIES	5,449.60	
782-54	SUPPLIES	1,163.75	
782-60	SUPPLIES	8,034.95	
782-90	SUPPLIES	1,688.33	
786-30	ACCOUNTING AND DATA PROCESSING	42,108.21	
788-00	FIRE SALES TAX BANK CHARGES	15.00	
788-30	LEGAL AND BROKERAGE FEES	1,873.15	
788-31	LEGAL COSTS	119,348.44	
788-42	INTERMIN JUDGES	1,950.00	
789-30	BANK CHARGES	211.35	
790-20	BUILDING MAINTENANCE	1,486.59	
790-40	BUILDING MAINTENANCE	48,429.58	
790-45	BUILDING MAINTENANCE-JAIL	8,631.41	
790-50	BUILDING MAINTENANCE	1,613.86	
790-54	BUILDING MAINTENANCE	7,784.55	
790-60	BUILDING MAINTENANCE	3,140.88	
790-90	BUILDING MAINTENANCE	15,266.94	
791-30	PERSONNEL EXPENSES	11,825.64	
791-45	BUILDING MAINTENANCE-REPAIRS	13,013.16	
792-30	BONDS AND INSURANCE	245,233.06	
792-90	SELF INSURANCE LOSS FUND	2,585.17	
793-30	INTEREST EXPENSE	130.53	
795-10	ECONOMIC DEVELOPMENT EXPENSE	5,319.24	
795-30	HOSPITALITY	357.83	
796-10	L.A.G.E.R.S.	13,442.53	
796-20	L.A.G.E.R.S.	33,175.21	
796-30	L.A.G.E.R.S.	11,085.83	
796-32	L.A.G.E.R.S.	3,553.42	
796-40	L.A.G.E.R.S.	123,507.66	
796-42	L.A.G.E.R.S.	3,212.90	
796-45	L.A.G.E.R.S.	25,345.94	
796-50	L.A.G.E.R.S.	17,837.67	
796-54	L.A.G.E.R.S.	2,271.19	
796-60	L.A.G.E.R.S.	17,991.73	
796-90	L.A.G.E.R.S.	4,992.59	
797-30	WELLNESS PROGRAM	3,842.78	
797-90	SAFETY EQUIPMENT	135.26	
798-10	HEALTH INSURANCE	17,469.65	
798-20	HEALTH INSURANCE	41,352.83	
798-30	HEALTH INSURANCE	14,482.53	
798-31	HEALTH INSURANCE	2,840.42	
798-32	HEALTH INSURANCE	5,093.85	
798-40	HEALTH INSURANCE	126,020.26	
798-42	HEALTH INSURANCE	11,243.38	
798-45	HEALTH INSURANCE	40,744.73	
798-50	HEALTH INSURANCE	23,600.66	
798-54	HEALTH INSURANCE	2,762.67	
798-60	HEALTH INSURANCE	24,930.94	
798-90	HEALTH INSURANCE	7,014.32	
799-10	GROUP LIFE INSURANCE	945.00	
799-20	GROUP LIFE INSURANCE	2,415.00	

ACCOUNT NUMBER	DESCRIPTION	DEBIT	CREDIT
EXPENDITURES			
799-30	GROUP LIFE INSURANCE	1,759.80	
799-31	GROUP LIFE INSURANCE	65.56	
799-32	GROUP LIFE INSURANCE	274.05	
799-40	GROUP LIFE INSURANCE	6,644.30	
799-42	GROUP LIFE INSURANCE	504.00	
799-45	GROUP LIFE INSURANCE	2,173.50	
799-50	GROUP LIFE INSURANCE	1,462.50	
799-54	GROUP LIFE INSURANCE	147.00	
799-60	GROUP LIFE INSURANCE	1,312.50	
799-90	GROUP LIFE INSURANCE	456.00	
801-40	POLICE RESERVES	854.10	
802-40	POLICE EQUIPMENT	13,581.43	
803-10	COMPUTER CONTRACTS	296.83	
803-30	COMPUTER EXPENSES	1,675.84	
803-42	COMPUTER CONTRACTS	5,388.45	
804-40	EXPLORERS	923.34	
804-45	COMMISSARY EXPENSES	15,630.50	
805-40	PRISONER EXPENSE	70,045.22	
805-45	MEALS AND COFFEE	132,829.55	
807-45	LAUNDRY	18,571.59	
809-50	SALT	30,755.70	
810-50	PAINT SUPPLIES AND SIGNS	3,257.42	
810-60	PAINT SUPPLIES AND SIGNS	1,417.88	
814-60	VECTOR CONTROL	875.00	
815-45	DOCTOR/PRESCRIPTION EXPENSE	40,256.24	
850-30	CAR ALLOWANCE	109.74	
871-30	PUBLICATIONS	15,083.66	
871-90	PUBLICATIONS	71.32	
872-30	OFFICE EQUIPMENT MAINTENANCE	3,560.74	
872-40	OFFICE EQUIPMENT MAINTENANCE	3,366.16	
872-42	OFFICE EQUIPMENT MAINTENANCE	1,848.53	
872-45	OFFICE EQUIPMENT MAINTENANCE	1,987.62	
878-52	PURCHASE OF TRASH STICKERS	18,272.50	
880-32	COUNTY CLERK	240.00	
883-50	HAULING COST	20,423.22	
887-54	TEEN ACTIVITY	4,241.18	
888-54	COMMUNITY PROGRAM EXPENSE	23,544.56	
890-10	RADIO	1,750.14	
890-40	POLICE RADIO	104,400.91	
890-45	RADIO	431.90	
891-40	D.A.R.E. EXPENDITURES	607.20	
892-40	POLICE TELETYPE	46,410.40	
893-20	FIRE PREVENTION	364.35	
893-40	CRIME PREVENTION	3,722.14	
894-40	TRAINING FUND	863.96	
896-52	TREE AND WEED CUTTING	422.50	
900-52	STREET LIGHTS	160,179.16	
900-60	FIELD LIGHTS	2,883.90	
910-40	AMMUNITION	856.49	
922-30	ADVERTISING	4,408.55	
945-81	MERCANTILE FUND DISB	5,134.19	
950-10	CONFERENCES AND SCHOOLS	30.00	
950-20	CONFERENCES AND SCHOOLS	518.51	

ACCOUNT
 NUMBER

DESCRIPTION

DEBIT

CREDIT

EXPENDITURES

950-30	CONFERENCES AND SCHOOLS	1,078.03	
950-31	CONFERENCES AND SCHOOLS	949.60	
950-32	CONFERENCES AND SCHOOLS	30.00	
950-40	CONFERENCES AND SCHOOLS	7,779.13	
950-42	CONFERENCES AND SCHOOLS	681.48	
950-45	CONFERENCES AND SCHOOLS	766.22	
950-54	CONFERENCES AND SCHOOLS	60.00	
950-90	CONFERENCES AND SCHOOLS	799.03	
951-20	TRAINING	1,218.61	
		-----	-----
	EXPENDITURES:	7,730,732.85	74,535.13
		-----	-----
	REPORT TOTAL:	14,178,142.15	14,178,142.15
		=====	=====

1600 S. Brentwood,
Suite 600
St. Louis, MO 63144
(314) 962-0300
FAX (314) 962-9474



3660 W. Clay
St. Charles, MO 63301
(636) 946-3366
FAX (636) 946-0753

A PROFESSIONAL CORPORATION
OF CERTIFIED PUBLIC ACCOUNTANTS

June 11, 2001

Honorable City Council
City of Jennings, Missouri
2120 Hord Avenue
Jennings, MO 63136

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CITY OF JENNINGS
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In planning and performing our audit of the primary government financial statements of the City of Jennings (the "City") for the year ended March 31, 2001, we considered the City's internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the component unit financial statements and not to provide assurance on the internal control structure.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or the operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

Other comments and suggestions for improving the internal control structure and accounting procedures are presented for your consideration.

Property, Plant and Equipment - Improving Documentation of the
General Fixed Assets Account Group

Accounting principles generally accepted in the United States of America require the City's property, plant and equipment to be accounted for in a General Fixed Assets Account Group. Since such an accounting has not been done, we are required to qualify our audit report.

Honorable City Council
City of Jennings, Missouri
June 11, 2001
Page 2

Property, Plant and Equipment - Improving Documentation of the
General Fixed Assets Account Group (continued)

In order for us to remove this qualification, the City must maintain a General Fixed Assets Account Group and develop cost basis for assets owned as of March 31, 2001. Once initial balances are developed, annual additions and deletions are easily maintained.

There are fixed asset programs that the City may purchase. We have available a software program that the City could utilize to maintain fixed assets and related depreciation. We would also be available to assist in the development of historical cost of assets acquired in prior years.

Local Development Corporation

It was noted during our audit of the Jennings Local Development Corporation ("LDC") that the LDC has not had any significant activity for the years ended March 31, 2001 and 2000. The City should determine if the LDC is necessary and if it is determined that it is not, the LDC should be dissolved with the Secretary of State and its assets redistributed in accordance with Article V of the LDC's Articles of Incorporation, as amended.

Court Department

While great progress has been made in implementing prior recommendations, including those made by the State Auditor, we noticed that no ongoing reconciliation of outstanding bonds with bank balances is being performed.

We recommend that a monthly comparison of court bond bank balances to outstanding bonds be performed, and adjustments made if needed. This will insure that the City's general ledger properly reflects the amount of outstanding bonds. A simple and efficient way to accomplish this would be to set up a master list of outstanding bonds in a computer spreadsheet.

This report is intended solely for the use of management, the Mayor, and the City Council and should not be used for any other purpose.

We believe the above recommendations will be of benefit to you in the coming year and would be pleased to discuss any of the comments contained herein at your convenience. We would like to thank you for the cooperation given to us by City personnel during the audit and for the opportunity to be of service to you.

Hulsh, Ring, Helm & Co., P.C.